NCA

VOC FOR IOP/FN
BACKGROUNDER NO. 5-5422 JANUARY 3, 1978
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FREE TRADE: PROBLEMS AND PROSPECTS

ANNCR:

NEGOTIATORS FROM MORE THAN 80 NATIONS WILL BEGIN HARD BARGAINING THIS MONTH IN GENEVA TO SHAPE RULES TO GOVERN INTERNATIONAL TRADE FOR AT LEAST THE NEXT 10 YEARS. BUT GROWING PROTECTIONISM, TRIGGERED BY ECONOMIC TROUBLES IN THE INDUSTRIALIZED WORLD, MAY MAKE IT DIFFICULT TO HURDLE THE BARRIERS TO FREER TRADE, AS WE HEAR IN THIS BACKGROUND REPORT BY VOA'S VERA HIRSCHBERG.

VOICE:

THE MULTILATERAL TRADE NEGOTIATIONS IN GENEVA WILL GO INTO HIGH GEAR AMID GROWING ECONOMIC STORM WARNINGS. CONCERN IS GROWING AMONG THE INDUSTRIALIZED NATIONS OVER HIGH UNEMPLOYMENT, SLOW GROWTH, INFLATION AND SLUGGISH RECOVERY FROM THE ECONOMIC RECESSION. ALONG WITH THESE WORRIES IS A GROWING ATMOSPHERE OF PROTECTIONISM, WHICH COULD CREATE A POOR CLIMATE FOR DISCUSSUING THE LIBERALIZATION OF WORLD TRADE. INDEED, RECENT EVENTS APPEAR TO BUTTRESS THE VIEW THAT DESPITE AN OFFICIAL COMMITMENT TO FREER INTERNATIONAL TRADE, THE INDUSTRIAL WORLD SEEMS TO BE MOVING INCREASINGLY IN THE OPPOSITE DIRECTION IN AN EFFORT TO PROTECT DECLINING INDUSTRIES AT HOME.

THE UNITED STATES AND SIX OTHER MAJOR INDUSTRIALIZED NATIONS STATED THEIR COMMITMENT TO FREER TRADE AT THE LONDON ECONOMIC SUMMIT LAST MAY. SINCE THEN, CARTER ADMINISTRATION OFFICIALS HAVE OFTEN REAFFIRMED THAT COMMITMENT. BUT RECENTLY, UNDER PRESSURES FROM DOMESTIC INDUSTRIES, THE ADMINISTRATION HAS SEEMED TO SWERVE FROM THIS GOAL. IS THE CASE OF STEEL, FOR EXAMPLE, IT MOVED TO PROTECT DOMESTIC PRODUCERS FROM SO-CALLED

DUMPING OF CHEAPER FOREIGN IMPORTS BY ANNOUNCING A NEW PRICE PLAN TO CUT IMPORTS. THE PLAN WILL SET MINIMUM PRICES AT WHICH STEEL CAN BE SOLD IN THE UNITED STATES WITHOUT PROMPTING QUICK ANTI-DUMPING ACTIONS BY THE UNITED STATES TREASURY DEPARTMENT. AND EARLIER LAST YEAR, THE CARTER ADMINISTRATION CONCLUDED SO-CALLED ORDERLY MARKETING AGREEMENTS TO LIMIT IMPORTS FROM THREE ASIAN NATIONS -- WITH JAPAN ON COLOR TELEVISION SETS AND WITH TAIWAN AND THE REPUBLIC OF KOREA ON SHOES. PRESIDENT CARTER'S SPECIAL TRADE REPRESENTATIVE ROBERT STRAUSS, WHO NEGOTIATED THE AGREEMENTS, SAID THEY REINFORCED THE UNITED STATES COMMITMENT TO FREE TRADE AS AN ALTERNATIVE TO PROTECTIONISM.

BUT THE UNITED STATES UNEMPLOYMENT RATE HAS HOVERED IN THE SEVEN PERCENT RANGE FOR THE PAST EIGHT MONTHS, PROMPTING ORGANIZED LABOR TO CALL FOR STIFFER PROTECTIONIST MEASURES. GEORGE MEANY, THE PRESIDENT OF THE MULTI-MILLION-MEMBER LABOR COALITION, THE AFL-CIO, PUT IT THIS WAY IN A RECENT SPEECH: "FREE TRADE IS A JOKE AND A MYTH.. A PRESCRIPTION FOR DISASTER. THE ANSWER IS FAIR TRADE. DO UNTO OTHERS AS THEY DO UNTO US -- BARRIER FOR BARRIER -- CLOSED DOOR FOR CLOSED DOOR." MISTER MEANY'S POSITION, OF COURSE, RUNS COUNTER TO OFFICIAL UNITED STATES POLICY. BUT IT SYMBOLIZES PRESSURES BUILDING IN THE UNITED STATES AND ELSEWHERE. IN MID-DECEMBER, FOR EXAMPLE, THE NINE MEMBER GOVERNMENTS OF THE EUROPEAN ECONOMIC COMMUNITY MOVED TO CURB STEEL AND TEXTILE IMPORTS INTO THE EUROPEAN COMMON MARKET. EEC COMMISSIONERS IMPOSED A MINIMUM IMPORT PRICE FOR FOREIGN STEEL FOR THE NEXT THREE MONTHS AND A SERIES OF QUOTAS ON TEXTILE IMPORTS FROM THE DEVELOPING WORLD.

PROTECTIONISM IS GROWING IN AUSTRALIA AS WELL. PRIME MINISTER MALCOLM FRASER'S PARTY RECENTLY WAS RETURNED TO POWER ON A STRONG PROTECTIONIST PLATFORM.

SEEMINGLY IGNORED BY THE PROTECTIONISTS IN THE UNITED STATES IS THE NATION'S MASSIVE STAKE IN INTERNATIONAL TRADE. ONE OUT OF EVERY SIX WORKERS MANUFACTURE PRODUCTS FOR EXPORT. MORE THAN HALF OF THE PRODUCTION OF AMERICAN WHEAT, RICE AND SOYBEANS IS SOLD ABROAD. AND ALMOST ONE OUT OF EVERY THREE DOLLARS OF AMERICAN CORPORATE PROFITS COMES FROM AMERICAN BUSINESS ABROAD. THE INTERDEPENDENCE OF THE UNITED STATES AND THE WORLD ECONOMIES HAS BEEN STRESSED OFTEN BY TREASURY SECRETARY MICHAEL BLUMENTHAL AND OTHER CARTER ADMINISTRATION OFFICIALS. AND THEY SEE TRADE POLICY DECISIONS MADE IN GENEVA IN THE COMING MONTHS AS CRUCIAL FOR YEARS TO COME.

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